

## COMPARISONS

highlights of Penney's results for 1955 compared with 1954

	<u>1955</u>	<u>1954</u>
Stores	1666	1644
Sales	\$1,220,085,325.06	\$1,107,156,633.36
Average sales per store (full year)	735,293.54	674,844.82
Net earnings	46,139,608.99	43,616,938.03
Earnings per share	5.60	5.30
Number of shares outstanding	8,231,952	8,231,952
Taxes—federal, state and local	60,831,930.83	54,596,983.95
Taxes per share	7.39	6.63
Dividends	32,516,210.40	28,811,832.00
Dividends per share	3.95	3.50
Earnings retained for reinvestment in the business	13,623,398.59	14,805,106.03
Inventories	180,397,527.56	142,478,192.61
Stockholders' equity	244,073,796.69	230,450,398.10
Stockholders	30,019	29,421

**ANNUAL MEETING ANNOUNCEMENT** — The annual meeting of stockholders will be held April 20, 1956 at 330 W. 34 St., New York 1, N. Y., at 10 A.M. You are cordially invited to attend. A proxy statement, including a request for proxies, will be mailed to stockholders on or about March 19, 1956. Your prompt attention to the proxy statement and the proxy will be appreciated.

# CONTENTS

Comparisons

*(opposite page)*

Penney's record of growth **2**

To our shareowners and  
associates **3**

1955 Company operations  
in review **4**

Headquarters for soft lines **6**

What is a Penney store? **7**

Some store openings in 1955 **8**

Women's apparel—a big part  
of Penney business **10**

Penney's—a good place  
to work **11**

Assets **12**

Liabilities **13**

Earnings **14**

Officers and directors,  
Accountants' report **15**

How Penney's serves Denver **16**

Growing with the nation  
*(inside back cover)*



# ANNUAL REPORT

## J. C. PENNEY COMPANY, INC.

A Delaware Corporation

Founded 1902

Central Office: 330 West 34th Street, New York 1, New York

Cover picture is of Penney's Plainview, New York, store Number 1669 which opened April 14, 1955 on the 53rd anniversary of the opening of the first Penney store.

### Transfer Agent:

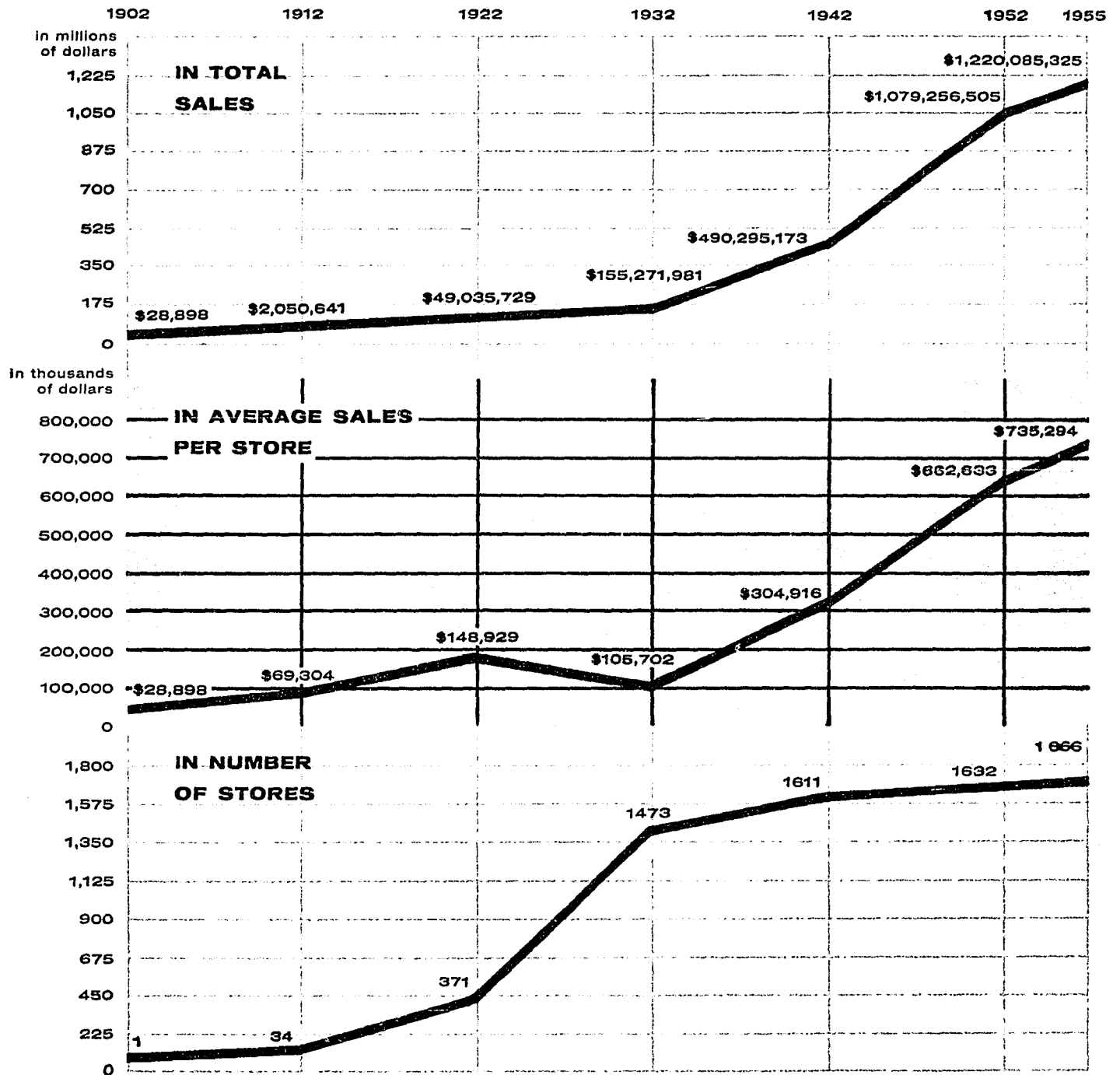
Chemical Corn Exchange Bank  
30 Broad Street, New York 15, N. Y.

### Registrar:

The Chase-Manhattan Bank  
11 Broad Street, New York 15, N. Y.

Stock Listed on the  
New York Stock Exchange

# Penney's record of growth



to our  
shareowners  
and  
associates:



J. C. PENNEY COMPANY, INC.  
220 WEST 34th STREET, NEW YORK 1, N. Y.

March 1, 1956

1955 was another excellent year for our Company. We are pleased to review its results together with some comments on our progress.

As you know, business conditions generally were excellent throughout the year. Penney sales were up more than \$100,000,000 from \$1,107,156,633.36 to \$1,220,085,325.06. This was an increase of 10.2 per cent resulting in the largest sales volume in any year of our Company's history and the largest dollar increase.

At the end of 1954 the Company declared an extra dividend of \$1.35 and boosted the regular quarterly dividend to 65¢ from the previous figure of 50¢. At the end of 1955 an extra of \$1.25 and a quarterly of 75¢ were declared. Dividends declared during 1955 totalled \$3.95. These changes in the quarterly rate will result in a larger percentage of earnings being distributed quarterly rather than as a disproportionate extra at the year-end.

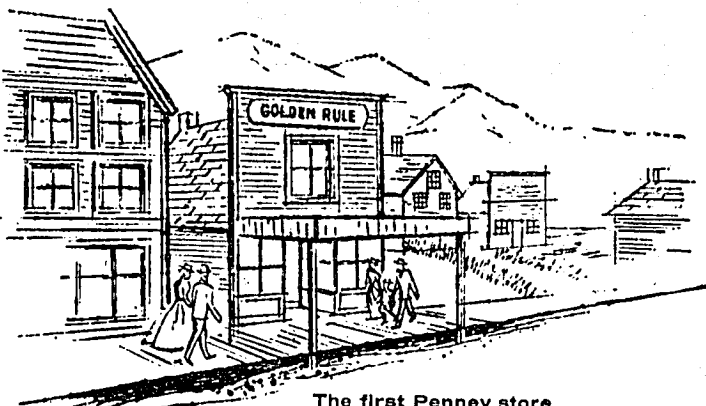
During the year our Company carried out the largest program to date for the expansion and improvement of stores. A more detailed description of this program will be found in this report. Most of the funds needed for permanent buildings were supplied by our landlords. The Company's costs were provided, as in the past several years, out of retained earnings without borrowing or any new financing.

We believe that you will find the further comments and figures in this report of interest. Again we express appreciation to our suppliers and to our associates, who have worked together so well in making possible the results attained. We also thank our shareowners, who have many times during the year, either in person or by letter, commented favorably on the job that our Company is doing and the way it is being done.

Sincerely yours,

*A.W. Hughes*

President



The first Penney store  
opened April 14, 1902  
in Kemmerer, Wyoming.

# **1955 company operations in review**

## **Sales**

Sales in 1955 totalled \$1,220,085,325.06 compared with \$1,107,156,633.36 in 1954, an increase of 10.2 per cent. Industrial payrolls generally were high during the year and the gross national income was at an all-time peak. The one large section of the economy that has been adversely affected by price declines has, of course, been the farm areas. In the early years of the Penney Company this would have had a serious effect on our income. Today our Company is in a different position with respect to farm income. The spread of industry to smaller communities has created payrolls in many cities and towns formerly dependent entirely on agriculture. Also, our expansion program has provided enlarged and better stores in many industrial communities, and has brought Penney merchandise and Penney service to millions of new customers in the suburban areas of our larger cities.

## **Financial Position and Inventory**

Our Company's financial position continues to be excellent. At the year-end cash and short-term Government securities totalled \$153,105,464.23. Although the Company has for several years declared in dividends an average of about 70 per cent of earnings, we have not found it necessary to borrow money or to alter our position of having no bonds, debentures, long-term notes or other securities entitled to preference over the common stock.

Merchandise inventories were well maintained throughout the year. There were few shortages in desirable merchandise. Prices did not fluctuate greatly although the expected increase in the national minimum wage, which actually went into effect March 1st of 1956, resulted in some price increases on certain lines in the last

quarter of 1955 and has had some further effect this year. Total merchandise investment at December 31st was \$180,397,527.56, valued on the basis of cost or market, whichever was lower, which was an increase of 26.61 per cent over the preceding year.

## **Earnings and Taxes**

Net earnings in 1955 were \$46,139,608.99 or \$5.60 per share on 8,231,952 shares of common stock outstanding. The corresponding figures for 1954 were \$43,616,938.03 or \$5.30 per share. Dividends of \$3.95 per share were declared. Of the earnings \$1.65 per share was retained for use of our Company and for the benefit of shareholders in our expanding operation. The total tax bill amounted to \$7.39 per share. In addition to this, we are all conscious of the fact that Federal Taxes are collected twice on our earnings—first in the corporate tax rate of 52 per cent and again on the dividends that are distributed to our shareholders.

## **New and Improved Stores**

In 1955, 33 new stores were opened in communities not served by Penney stores before. Of these 24 were in shopping centers. In addition 26 existing stores were relocated in new buildings; 102 other stores were expanded or improved. This brings to a total of 749 the number of Penney stores, aside from new stores or stores relocated in new buildings, that have been improved or modernized in the last five years.

The cost of our expansion and improvement last year totalled over \$42 million. In line with our established policy of renting rather than owning store buildings over \$30 million of this total

was invested by landlords. The balance of \$12 million, covering chiefly fixtures, was invested by our Company.

In recent years there has been much discussion of downtown stores versus suburban shopping centers. Our Company has had a very favorable experience in shopping centers, in which we have opened 53 new units in the last five years. Our stores, catering to the clothing and household needs of the entire family, are particularly well adapted to these centers. In the same five years, however, 122 existing downtown stores in larger towns or cities have been relocated in more modern buildings, indicating our belief that "Main Street" will continue to be "Main Street" in established trading centers.

### **Personnel and Community Relations**

People are the most important single factor in retailing. This is true, we believe, in any business but it is particularly true of a decentralized operation like ours, operating in over 1600 different communities, and with millions of customers being served by more than 50,000 associates. The success of an individual sale depends, to a great extent, on the individual salesperson. The success of an individual Penney store depends, largely, on the manager of that store. The Company's results represent the sum total of the cooperation of all these members of the Penney team.

Our Company has, from its very beginning, emphasized the right selection and training of associates and the desirability of providing a good environment in which to work. For many years we have provided a free death benefit, generous sick leaves, paid vacations, discounts on purchases, a sales bonus for extra production, and a Thrift and Profit-Sharing Retirement Plan. In 1955 we adopted a new Hospital and Surgical Insurance Plan. The Company pays a substantial part of the cost of the Plan. You who are partners in this business can well be proud of the quality and loyalty of our associates and store managers.

We receive many unsolicited letters commending our managers for their activities in Community Fund drives, in hospital campaigns, Boy Scout work and scores of other worth-while undertakings. Naturally, this is gratifying since our Company has tradi-

tionally encouraged associates to be "full-time" citizens of the communities in which they live.

### **Changes in Officers and Directors**

In 1955 48 store managers and other members of the management staff were retired under our Management Profit-Sharing and Retirement Plan. The average length of service of these men with our Company was 33 $\frac{1}{3}$  years. Among them were George E. Mack, director, executive vice president and treasurer, and Fred A. Bantz, director and vice president. Both men contributed much in their years with the Company.

Mr. Mack was succeeded as a director by Robert C. Weiderman, our comptroller, who joined the Company in 1916. Mr. Mack was succeeded as treasurer by Ray H. Jordan, who has been associated with the Company since 1930. Mr. Bantz continues to serve as a director. His successor as vice president-in-charge-of-merchandising is Harry C. Mills, who was assistant merchandise manager and has been an associate for 25 years. Cecil L. Wright, head of our District Management department and an associate for 27 years, was elected a vice president.

We are fortunate indeed that, in line with our policy of training and promoting from within our own Company, we have men trained and ready to meet the responsibilities entrusted to them.

### **Penney's Place in a Growing America**

In 54 years our Company has grown from one store with sales of \$28,000 for the year to 1666 stores with sales of over \$1,200,000,000. Mr. Penney's original capital consisted of \$500 cash and \$1,500 borrowed funds. Today our 30,000 stockholders have an equity of \$244,073,796.69. In those same 54 years the population of this country has grown from 79,000,000 to more than 166,000,000 and our gross national product from an estimated \$21 billion to over \$387 billion. Even those who a decade ago were lamenting the passing of the American Frontier, and predicting a static or declining economy, are today envisioning even greater changes and more dynamic progress than we have seen. We in the Penney Company anticipate the continuing growth and progress of our Company as a part of this expanding Nation, and invite you to share in it.

**ALWAYS FIRST QUALITY**

## **headquarters for**



**Over 1,650 department stores  
coast-to-coast**

Women's accessories and furnishings  
Piece goods and notions  
Domestics and bedding  
Curtains and draperies  
Shoes for the Family  
Men's hats  
Men's clothing and sportswear  
Men's furnishings and accessories  
Boys' and girls' wear  
Men's work and outdoor clothes  
Millinery  
Ready-to-wear  
Wash dresses  
Foundations  
Infants' and toddlers' wear  
Home furnishings  
Housewares

## what is a Penney store ?

*Someone offers this definition:*

"A store that sells good, first-quality merchandise—apparel for the family and furnishings for the home;

"A store whose strongest appeal is to the moderate-to middle-income customers who want value and savings every day;

"A store where customers find friendly, courteous service and honest selling;

"A store where associate-customer relationships are based on the Golden Rule."

*Last year, Mr. and Mrs. Robert N. Ward of Plainview, N. Y., decided they liked Penney's merchandise and way of doing business. With daughter Janice, they became customers of Penney's Plainview store illustrated on the cover and the page opposite. Here they reenact some of the purchases they have made in the store since it opened last April.*

A new dress makes a hit with Janice as it would with any lass. She goes for a printed nylon dress with full skirt, 4-inch hem. \$5.90



For drapery fabric Mrs. Ward selects Penney's Burly pattern at \$1.98 a yard. Textured weave adds surface interest to fabric.



Completing their Penney shopping tour, Robert N. Ward, his wife Audrey, and daughter, Janice, 3, pause to chat with Manager J. A. Riederer. Mr. Riederer joined the Penney Company in 1931 as salesman.

A value-conscious shopper, Mrs. Ward selects a boxy, all-wool fleece coat with rayon satin lining. Roll collar, turn-back cuffs at \$32.75.

For himself, Mr. Ward selects a Gentry mix-match trio—splash weave flannel suit with contrasting flannel slacks popular at \$45.

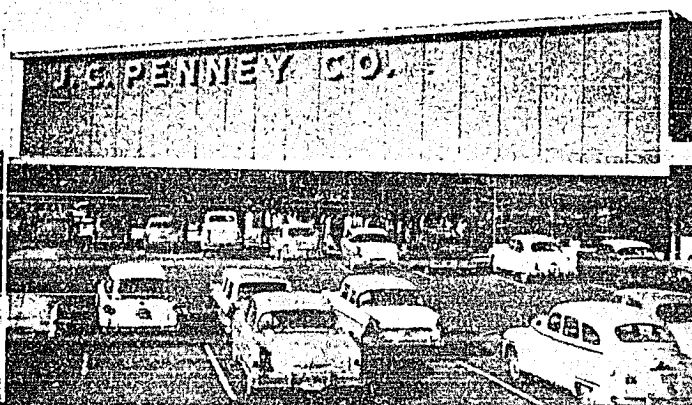
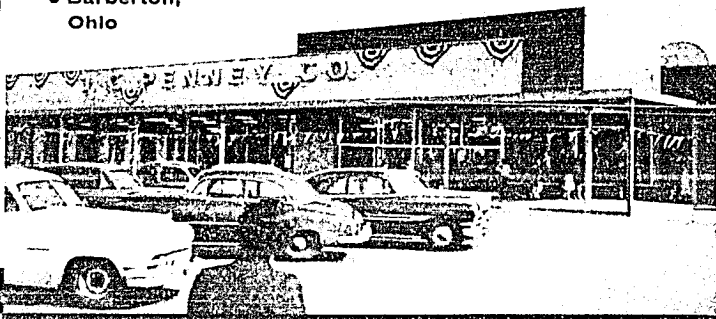


# some store openings in 1955

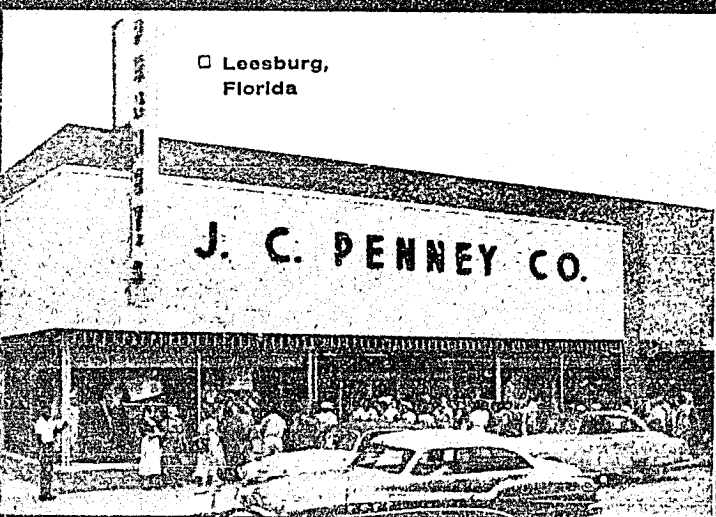
\*Dallas,  
Texas

\*Jacksonville,  
Florida

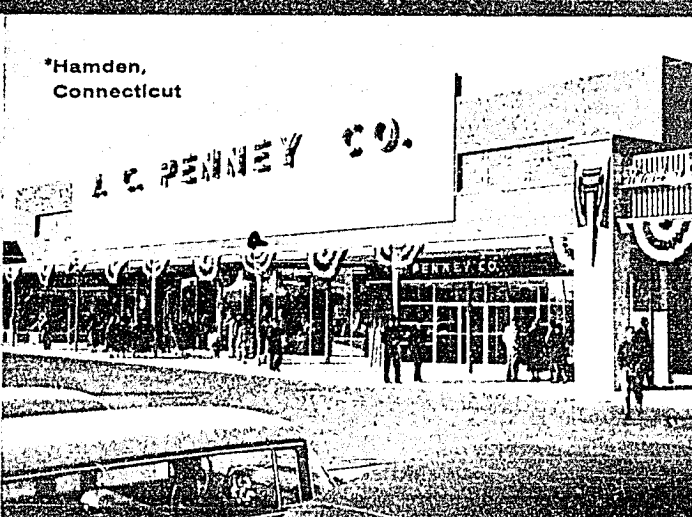
• Barberton,  
Ohio



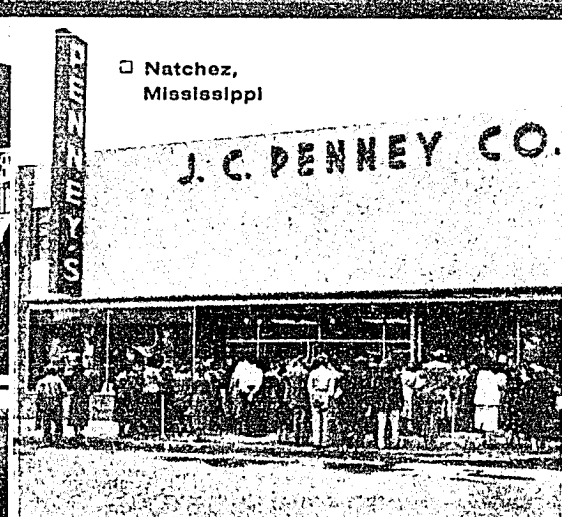
□ Leesburg,  
Florida



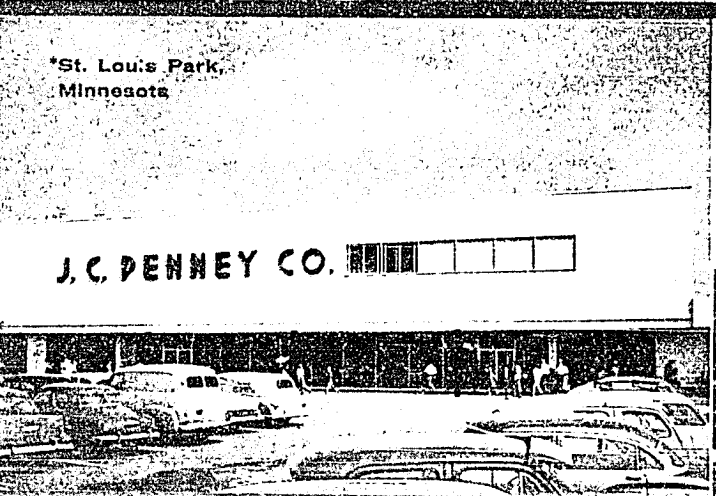
\*Hamden,  
Connecticut



□ Natchez,  
Mississippi



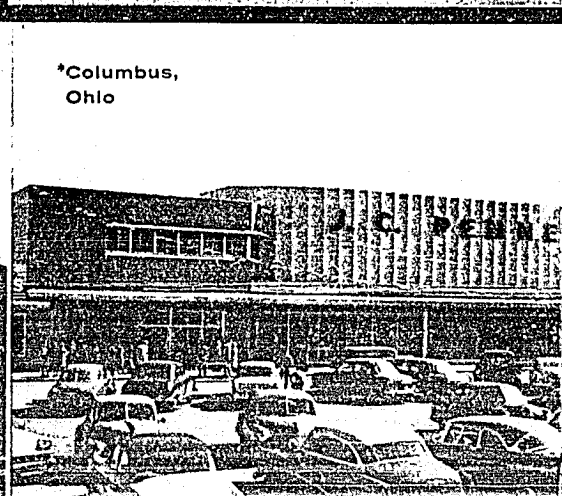
\*St. Louis Park,  
Minnesota



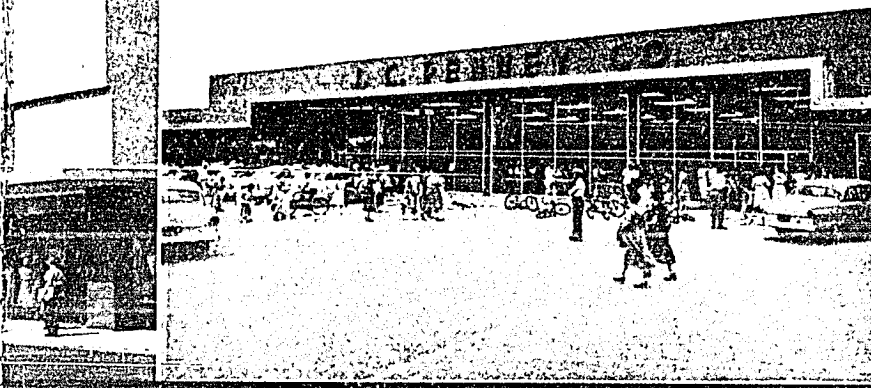
• Grand Island,  
Nebraska



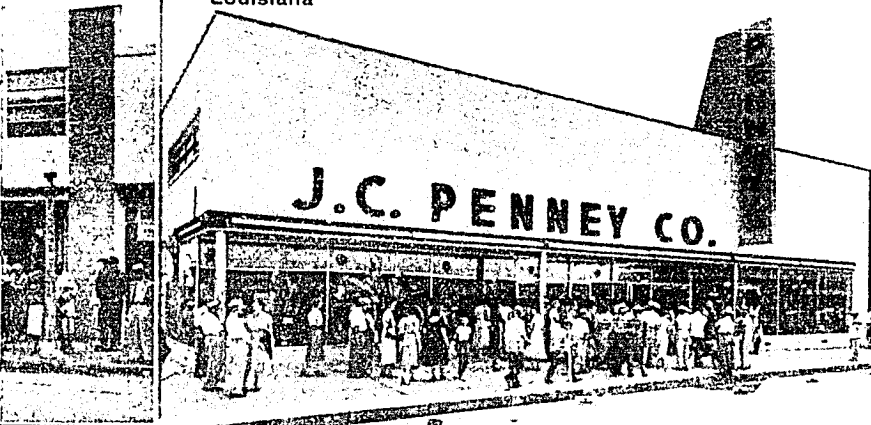
\*Columbus,  
Ohio



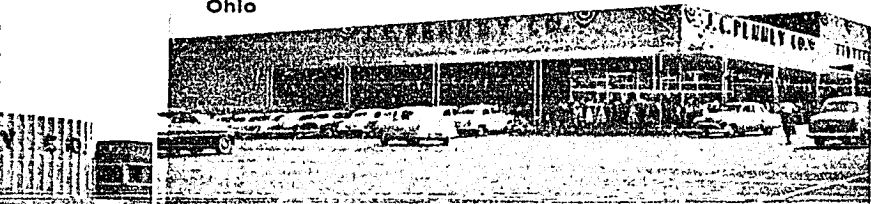
\*Baton Rouge,  
Louisiana



• Alexandria,  
Louisiana



\*Akron,  
Ohio



All smiles is this customer, Mrs. William Boettcher, as she snips the ribbon opening Penney's new store at Royal Oak, Mich. Last year new stores, relocations and modernizations added virtually 1.5 million square feet to the Company's total floor space. For 1950-1955 the total was nearly 4.9 million square feet.

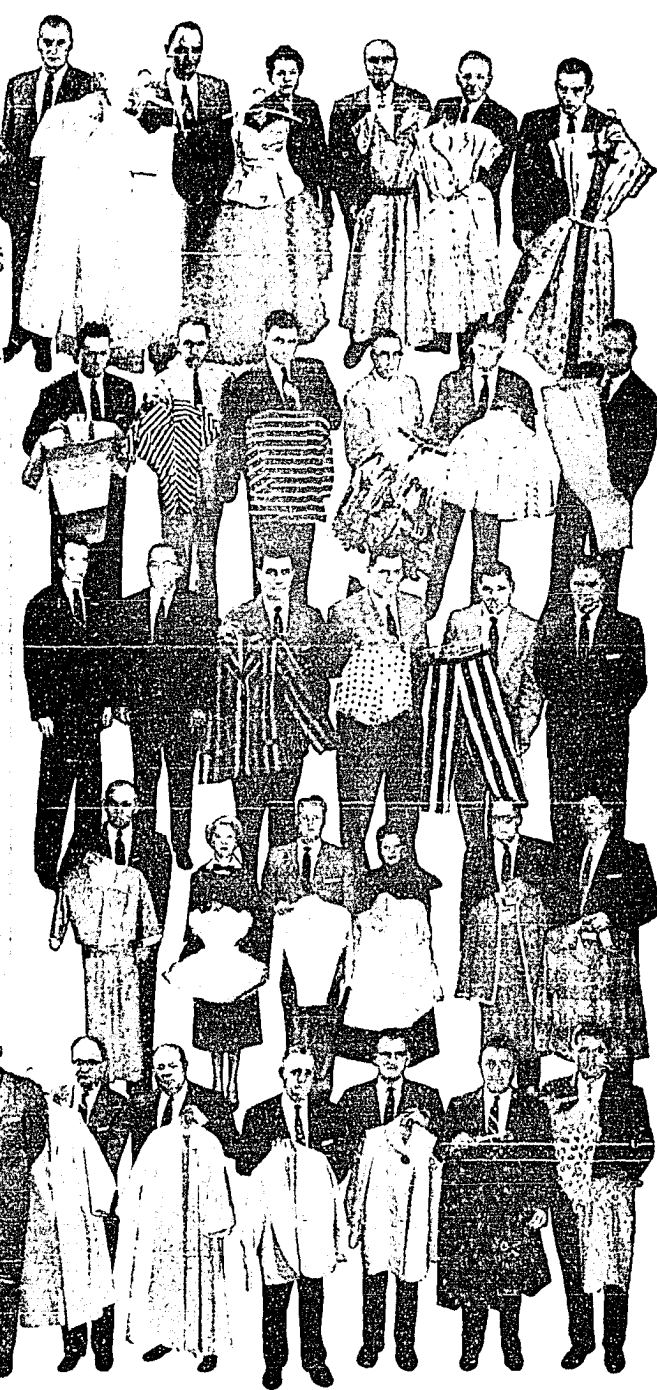
\* Denotes new shopping center. • New location. □ New downtown store.





## women's apparel — a big part of Penney's business

Clothing the American woman is a big job at Penney's, as the women's apparel buyers shown on this page testify. This group constitutes about one-fourth of Penney's entire buying staff. Behind them is a cadre of assistants whose efforts are indispensable to this tremendous buying job. All told, nearly 100 men and women associates are directly engaged in buying women's apparel for Penney stores including dresses, coats, suits, sportswear, sweaters and bathing suits. They deal with about one thousand top apparel suppliers in all sections of the country, help women dress smartly and well anywhere in America.





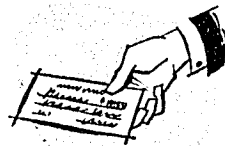
# Penney's—a good place to work



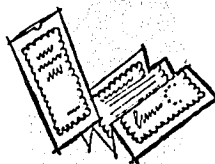
Sick Benefit Plan



Hospital and  
Surgical Insurance



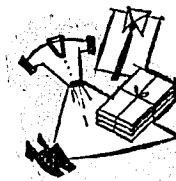
Death and Dismem-  
berment Plan



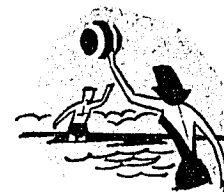
Group Life  
Insurance



Thrift and Profit-  
Sharing Retirement  
Fund Plan

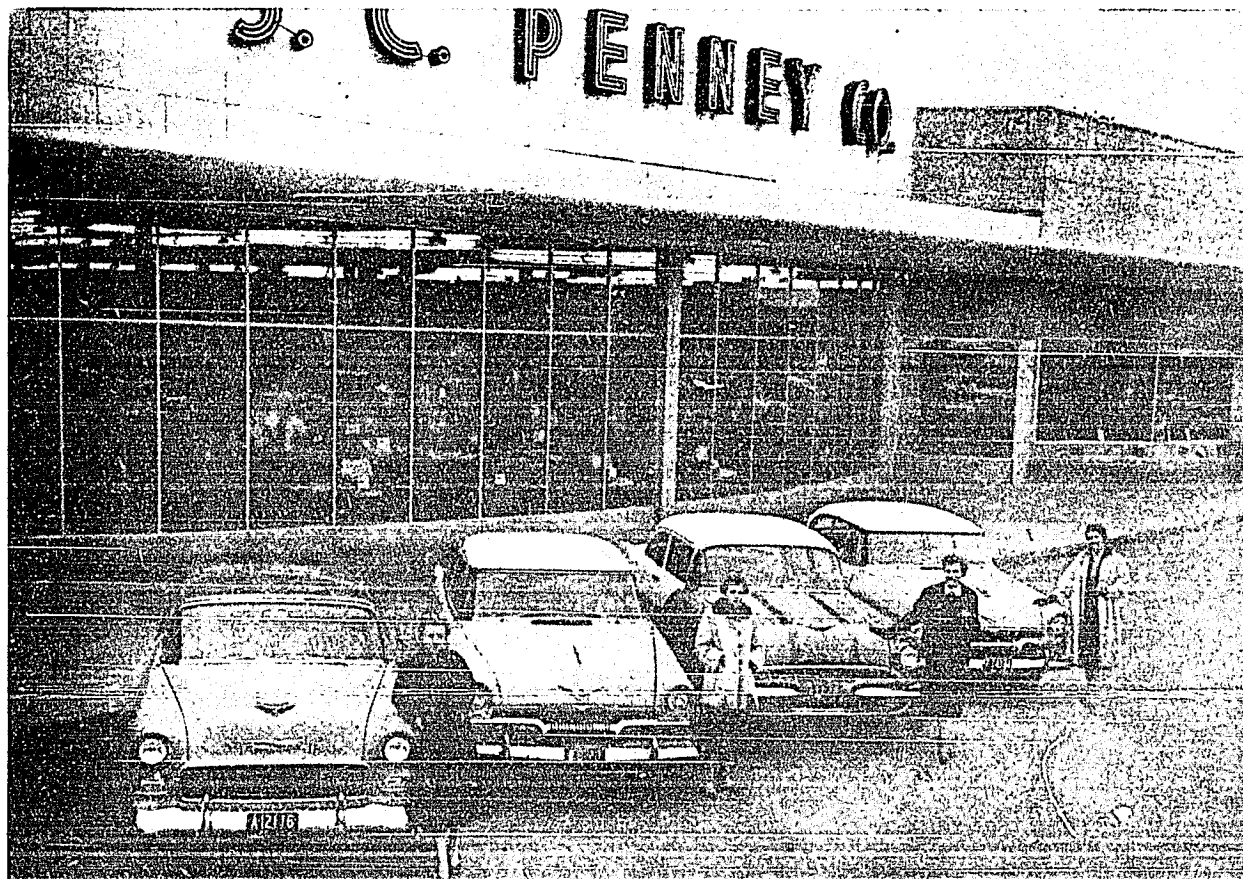


Purchase  
Discounts



Paid Vacations

In addition to the benefits illustrated above, Penney's offers its associates an opportunity to build additional income through sales bonuses. Last year, the four associates (right) of Penney's new Graceland Shopping Center store, in suburban Columbus, Ohio, bought new cars and used their sales bonuses for the monthly payments.



# J. C. PENNEY

Balance Sheet December 31, 1955

## ASSETS

	1955	1954
Current Assets:		
Cash in banks and on hand.....	\$128,159,800.35	\$133,186,598.39
U. S. Government securities, at cost plus accrued interest (approximate market price).....	24,945,663.88	33,181,714.50
Accounts receivable—miscellaneous .....	2,492,071.58	4,505,239.72
Merchandise (Note 1).....	180,397,527.56	142,478,192.61
Total Current Assets .....	<u>335,995,063.37</u>	<u>313,351,745.22</u>
Property and Equipment, at not in excess of cost, less provision for depreciation:		
Land .....	2,022,600.68	2,082,060.02
Buildings, less provision for depreciation, \$4,440,853.31 at December 31, 1955 and \$4,138,962.25 at December 31, 1954.....	6,498,651.89	6,621,437.29
Furniture and fixtures, less provision for depreciation.....	49,357,897.94	41,174,789.27
Improvements to leaseholds, less amortization.....	<u>4,436,241.47</u>	<u>4,698,784.91</u>
	<u>62,315,391.98</u>	<u>54,577,071.49</u>
Prepaid Expenses and Deferred Charges—Leasehold Advances, Unexpired Insurance Premiums, etc.....	3,286,469.54	3,352,774.78
	<u>\$401,596,924.89</u>	<u>\$371,281,591.49</u>

### Notes:

1—Inventories are stated at the lower of cost or market determined as follows: Merchandise in stores—by the retail method. Other Inventories—cost determined by the first-in first-out method and market on the basis of replacement cost.

2—Upon repeal in 1955 of the section of the Internal Revenue Code pertaining to the deductibility of certain expenses payable in the future but apportionable to the current year, the Company reverted to its former

# COMPANY

with comparative figures for 1954

## LIABILITIES

	1955	1954
Current Liabilities:		
Accounts payable and accrued liabilities.....	\$ 91,609,298.25	\$ 75,755,629.40
Dividends payable in January of following year.....	16,463,904.00	16,463,904.00
Provision for Federal taxes on income.....	<u>45,394,841.40</u>	<u>45,009,902.50</u>
Total Current Liabilities.....	<u>153,468,043.65</u>	<u>137,229,435.90</u>
Reserves for Fire Losses, Employees' Death Benefits, etc.....	<u>4,055,084.55</u>	<u>3,601,757.49</u>
Stockholders' Equity:		
Common stock, no par value:		
Authorized, 9,000,000 shares.		
Outstanding, 8,231,952 shares.....	34,122,766.67	34,122,766.67
Retained earnings.....	<u>209,951,030.02</u>	<u>196,327,631.43</u>
Total Stockholders' Equity.....	<u>244,073,796.69</u>	<u>230,450,398.10</u>
	<u>\$401,596,924.89</u>	<u>\$371,281,591.49</u>

policy of charging such expenses against earnings in the year in which paid; the effect of the change on earnings in 1955 was not material.

3—At December 31, 1955 the total minimum annual fixed rentals payable under leases expiring after five years was approximately \$7,500,000.00. Leases covering about 75% of this amount will expire on various dates during the next twenty years.

# J. C. PENNEY COMPANY

Statements of Earnings  
and Retained Earnings  
Year Ended December 31, 1955  
with comparative figures  
for 1954

## EARNINGS

Sales .....

Deduct:

Cost of merchandise sold, and selling and general  
expenses (exclusive of items set forth below).....

Maintenance and repairs.....

Depreciation and amortization.....

Taxes, other than taxes on income.....

Company contributions to retirement plans.....

Add miscellaneous income, including profit on sale  
of warehouse in 1954, less miscellaneous charges....

Provision for taxes on income:

Federal .....

State and City .....

Net earnings for the year.....

## RETAINED EARNINGS

Balance at beginning of year.....

Net earnings for the year.....

Dividends—\$3.95 per share in 1955 and \$3.50 in 1954

Balance at end of year.....

Common stock outstanding at end of year.....Shares

Earnings per share.....

1955

\$1,220,085,325.06

1,099,480,365.96

2,282,945.20

7,033,717.89

10,026,930.83

5,476,113.24

1,124,300,073.12

95,785,251.94

1,159,357.05

96,944,608.99

49,600,000.00

1,205,000.00

50,805,000.00

\$ 46,139,608.99

\$ 196,327,631.43

46,139,608.99

242,467,240.42

32,516,210.40

\$ 209,951,030.02

8,231,952

\$5.60

1954

\$1,107,156,633.36

999,294,161.76

2,121,562.92

5,117,726.69

8,949,983.95

5,206,000.53

1,020,689,435.85

86,467,197.51

2,796,740.52

89,263,938.03

44,650,000.00

997,000.00

45,647,000.00

\$ 43,616,938.03

\$ 181,522,525.40

43,616,938.03

225,139,463.43

28,811,832.00

\$ 196,327,631.43

8,231,952

\$5.30

See notes on the accompanying balance sheet.

# ACCOUNTANTS' REPORT

PEAT, MARWICK, MITCHELL & CO.  
CERTIFIED PUBLIC ACCOUNTANTS  
SEVENTY FIVE STREET  
NEW YORK 5, N.Y.

## ACCOUNTANTS' REPORT

The Board of Directors  
J. C. Penney Company:

We have examined the balance sheet of J. C. Penney Company as of December 31, 1955 and the related statements of earnings and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings and retained earnings present fairly the financial position of J. C. Penney Company at December 31, 1955 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent in all material respects with that of the preceding year.

New York, N. Y.  
March 1, 1956

*Peat, Marwick, Mitchell & Co.*

# DIRECTORS

J. C. PENNEY  
*Chairman*

F. A. BANTZ

W. M. BATTEN

J. F. BROWN

J. I. H. HERBERT

A. W. HUGHES

L. W. HYER

E. A. ROSS

H. H. SCHWAMB

H. F. TORREY

R. C. WEIDERMAN

# OFFICERS

J. C. PENNEY  
*Chairman of the Board*

A. W. HUGHES  
*President*

W. M. BATTEN  
*Vice-President*

J. F. BROWN  
*Vice-President • Real Estate*

H. C. MILLS  
*Vice-President • Merchandise*

H. H. SCHWAMB  
*Vice-President • Personnel*

H. F. TORREY  
*Vice-President • Sales*

C. L. WRIGHT  
*Vice-President • Dist.  
Management*

R. C. WEIDERMAN  
*Comptroller*

A. J. RASKOPF  
*Secretary*

R. H. JORDAN  
*Treasurer*

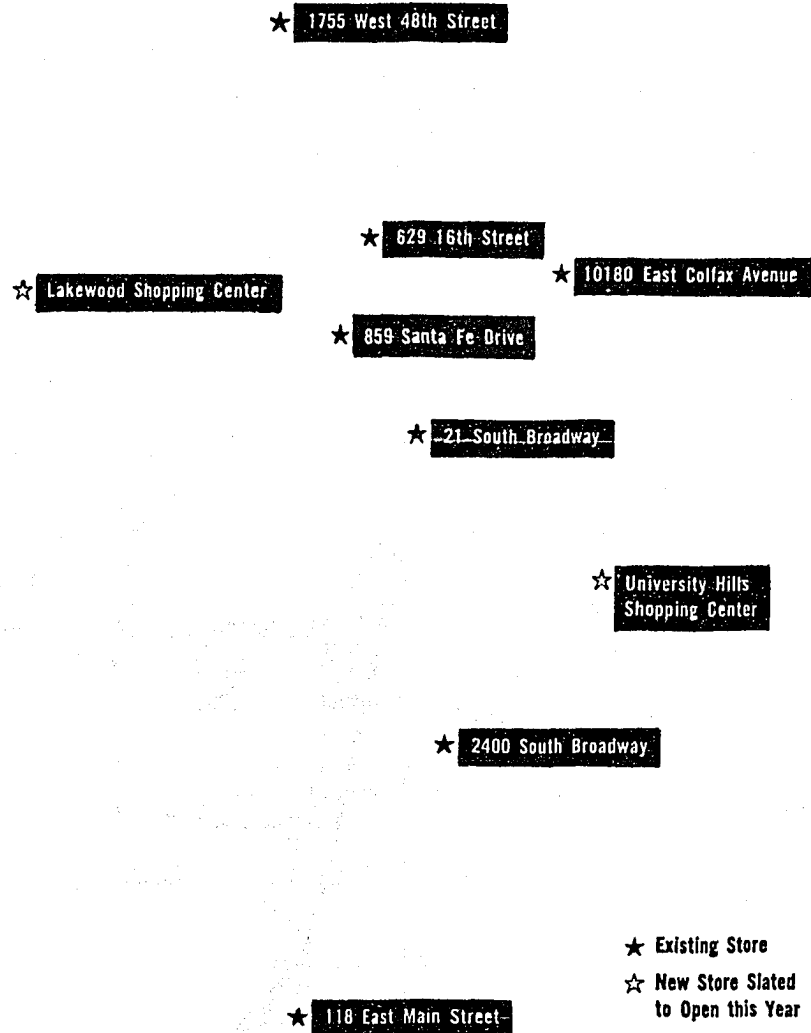


## how Penney's serves Denver

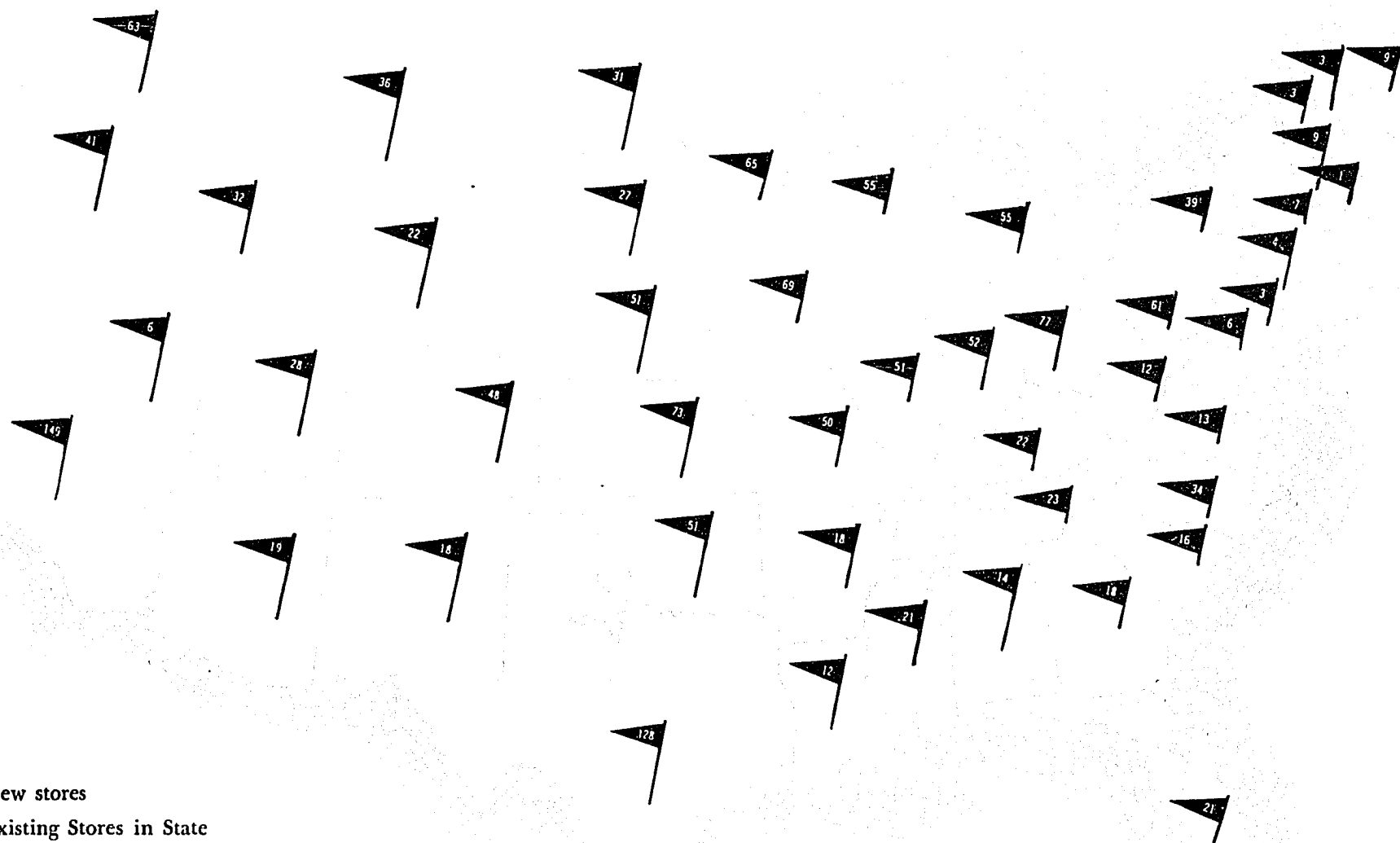
Typical of Penney's growth pattern in an important market is illustrated on the map of Denver, Colorado, at right. The first Denver Penney's was opened in 1924. The following year two stores were opened, and three more in 1929. All were suburban stores.

In 1936 Penney's opened a big downtown store at 629 16th Street, and in 1951 another suburban store at 10180 East Colfax Avenue.

This year two small neighborhood stores are being replaced by two new shopping center stores, and the Littleton store—118 East Main Street—is being relocated in a new building.



# growing with the nation — plans call for opening about 40 new Penney department stores in 1956



New stores

Existing Stores in State  
(1,666 stores as of Dec. 31, 1955)

In addition to the 40 new stores, 38 stores  
will be moved to new locations and 113  
stores will be improved in the same location.